Minimum Wages Code

Why in news?

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The government is likely to do away with the existing concept of scheduled employments under the Code on Wages.

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What is the present status?

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- Currently, minimum wages set by governments are applicable to only those who work in sectors employing 1,000 or more in the state concerned.
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- Such scheduled sectors include 45 sectors notified by the Centre and 1,709 listed by the state governments.
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What are the implications?

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- The removal of restrictive criteria will help in bringing parity of wages among workers in different industries.
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- It universalised the principle of minimum wage.
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- It will subsume four existing central labour legislations The Minimum Wages Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965 and The Equal Remuneration Act, 1976.
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- It will have a provision for setting up a committee which will set and revise the minimum wages from time to time.
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- Even for short duration of work, minimum wages will be applied and in such cases, it will be calculated on hourly basis.

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- This move will extend the benefit of obligatory minimum wages to all workers.
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- In the code on wages, the government is also doing away with the variation in minimum wages from sector to sector.
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- The entire working population will be categorised on the basis of their skills and not sector-wise.
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How minimum wage is calculated?

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- The minimum wages for one unskilled agriculture labourer in the central sphere is Rs 300 per day while an unskilled person working in the non-agriculture sector is entitled to get Rs 350 a day.
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- The minimum wages is calculated on the basis of the workers' daily consumption pattern (on the basis of field studies), taking into consideration the minimum 2,700 K cal requirement for a family of three.
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- The requirement of 72 meters of cloth per year, fuel, lighting, education and medical need and old age needs of the worker is also taken into consideration.
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What is the main problem?

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- The minimum wages in the states vary from state to state and in most of the cases is much lower than by the central sector.
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- To bridge the gap and tide over its helplessness, as labour is in the concurrent list, the centre introduced the concept of a national floor level minimum wages (NFLMW) in 1991.
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- But that also failed to make any cut since it is only suggestive in nature and has no statutory backing.
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Source: The Indian Express

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